

I came to Congress to make communities more livable, places where families can be safe, healthy and economically secure. I oppose this legislation because it would undercut a fundamental element of that economic security for older Americans - Medicare, on which 39 million senior citizens rely. This legislation will drain \$113 billion from the Medicare trust fund over the next 10 years and \$13.7 trillion over the 75 year period used to measure long-term solvency.

Medicare has been a tremendous success. Poverty among the elderly in Oregon has fallen from 31 percent to 10 percent since Medicare was created. 428,000 seniors and 53,000 people with disabilities rely on Medicare.

The demands on Medicare will only increase as the population ages. The number of people on Medicare will nearly double over the next 30 years. In Oregon, the number of people 65 and older is expected to balloon from about 13 percent of the population this year to 21 percent in 2020; Medicare recipients will rise from 471,000 in 2000 to 1,054,000 in 2025.

Yet even today, Medicare leaves important health needs of older Americans unmet. Medicare beneficiaries now pay 47 percent of their health care out of pocket. The situation in Oregon is even more serious, since Medicare reimbursement rates to participating health plans are significantly lower than in other parts of the country. Medicare Part A does not cover many health expenses, including eyeglasses, prescription drugs, or long term care.

In 1998, according to the Kaiser Family Foundation, Americans spent \$91 billion on prescription drugs; the total is expected to reach \$243 billion in 2008. Drug costs are increasing at a rate of 20 percent per year. The elderly bear a disproportionate burden: they account for 13 percent of the population, but more than a third of drug expenditures. Although about two-thirds of Medicare beneficiaries have prescription drug coverage through a former employer, a privately purchased Medigap plan, or a Medicare + Choice plan, many are experiencing rising premiums or reduced coverage of other services. Older Americans without coverage pay the highest prescription drug prices in the world.

Nor does Medicare offer security to the 22 percent of America's elderly - 1.6 million people - in nursing homes. Their costs run \$46,000 on average, and totaled \$31 billion in 1998. Nursing home care can be covered by Medicaid, but only for individuals with non-housing assets of

less than \$2,000. Medicaid eligibility rules allow you to keep only the house in which your dependent, spouse, or disabled children reside, the furniture, a car, a burial plot, burial funds, and a small amount of cash. Spouses may keep assets up to a cap, which varies from state to state.

When a couple's assets exceed the state caps, keeping savings may involve many legal maneuverings, one of which is divorce. I learned recently that the grandparents of one of the people I work with - a couple married 52 years - faced divorce in order to ensure that both of them had nursing home care. The grandmother had Alzheimers and money had been set aside specifically for her needs, which were expected to be costly and long-term. When the grandfather's health failed, the family was told that staying married would have meant no long-term care for the grandmother and no Medicaid coverage for the grandfather's nursing home care. Getting divorced, however, meant that he could get nursing care and she could live in a great home for Alzheimer's patients. They were not trying to pass money on to their children, or preserve a business/farm, or keep property in the family...they were just hoping to afford the basic care they needed.

I am deeply concerned that we are spending trillions of dollars on huge tax cuts, while not listening to the people who need help the most. We could expand Medicaid coverage for nursing home care at a fraction of the cost of what we are considering today. Ironically, such a step would preserve many more estates -- approximately 300,000 in 1998 -- than repealing the inheritance tax as we did earlier this year (around 43,000 families in 1997), and help people who are in much greater financial need.

I urge my colleagues to reject this ill-thought-out and destructive proposal, and concentrate instead on actions that will help make families safe, healthy and economically secure.